

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 220 - School Infra., Local Option Sales Tax & PEPL (LSB 1477 SV.1)
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Fiscal Note Version – As Amended and Passed by the Senate

Description

Senate File 220, as amended and passed by the Senate, eliminates the early start waiver by the Department of Education and sets the earliest school year start date at August 22. The Bill also expands the permitted uses of funds from Physical Plant and Equipment Levy (PPEL) and the local option sales taxes for school infrastructure to include the purchase of software or software licensing payments exceeding \$500 per purchase, building repair in preparation for a sale, maintenance costs exceeding \$500, repair or maintenance of transportation equipment (busses), and depreciation costs for leased transportation services if the school district's property tax valuation per pupil is below the statewide average property tax valuation per pupil.

Assumptions

- The Bill does not increase limits on PPEL or local option sales taxes for school infrastructure rates. The maximum board-approved PPEL levy is \$0.33, and the maximum voter-approved PPEL levy is \$1.34. An income surtax may be used in combination with the voter-approved levy but not to exceed the amount of revenue that would be raised by the maximum levy.
- Of the 367 school districts, 337 have the board-approved PPEL. Of these districts, 309 are at the maximum rate, and 28 are below the maximum. For the voter-approved PPEL, 257 have PPEL; 37 are at or above the maximum rate, and 220 are below the maximum rate.
- In FY 2005, PPEL is projected to provide school districts with revenues of \$98.7 million.
- School districts below the maximum have the potential to raise an additional \$2.1 million in board-approved PPEL revenues and \$64.7 million in voter-approved revenues.

Fiscal Impact

Senate File 220, as amended and passed by the Senate, will not have an impact on property taxes or sales taxes since it does not affect the maximum rates that may be applied by the Physical Plant and Equipment Levy or the local option sales taxes for school infrastructure.

Elimination of the early start date waiver by the Department of Education does not have a significant fiscal impact and will free some staff time within the Department for other departmental activities.

Sources

Department of Education
Department of Revenue
Iowa State Association of Counties
Iowa Association of School Boards
Department of Management (School Aid Data)

/s/ Holly M. Lyons

April 11, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
